



DEPARTMENT OF VETERANS AFFAIRS
Office of General Counsel
Post Office Box 76
Hines IL 60141

RECEIVED

April 16, 1993
B. WILSON/LLIA

Dear Radiopharmaceutical Industry Member: In Reply Refer To:

VA appreciates the helpful participation of companies which sent representatives to the March 30, 1993 conference on the calculation of non-Federal Average Manufacturer Prices (non-FAMPs) and Federal ceiling prices (FCPs) for radiopharmaceuticals under P.L. 102-585. We benefited from the frank discussion of three possible methods of capturing all direct radiopharmaceutical sales for non-FAMP purposes. The candid legal assessment of our statutory interpretation of the term "wholesalers" for your industry was also noted. All participants made it clear that they preferred to maintain the present Department of Veterans Affairs (VA) approach to non-FAMPs that omits from the computations all sales to or through radiopharmacies.

At the conclusion of the conference, we discussed a possible temporary resolution of the disagreement over VA's proposed inclusion of all direct sales in your industry's non-FAMPs. The resolution would be premised on VA's retention of the current approach to non-FAMP data computation during 1993, in return for the industry's forbearance during 1993 from all FCP increase appeals and all challenges to the VA definition of "wholesalers" as now applied to the industry. Naturally, the viability of this resolution depends on the willingness of each manufacturer with a Master Agreement to agree to forbear.

Consequently, I ask if your company will agree to the above proposal to maintain the status quo in VA's application of P.L. 102-585 to the radiopharmaceutical industry. If your company agrees to forbear during 1993 from any FCP increase appeals and any challenges to VA's definition of "wholesaler" as applied to your company (in return for VA's maintenance of the present non-FAMP computation approach) please have its authorized representative so indicate by signing on the line below and return a signed copy of this letter to VA.

Sincerely yours,

M. A. Noel, Jr.
Melbourne A. Noel, Jr.
Government Trial Attorney

Barbara Messinger

Authorized Signature

Manager, Marketing & Sales Services

Title

June 14, 1993

Date

Knoll Pharmaceutical Company

Company Name